



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF MUNICIPAL AUDIT**

John G. Morgan
Comptroller of the Treasury

**SUITE 1600
JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0271
PHONE (615) 401-7871
FAX (615) 741-1551**

Dennis F. Dycus, CPA, CFE, Director
Division of Municipal Audit

October 10, 2002

Honorable Mayor and Members of the
Board of Aldermen
City of La Vergne
5093 Murfreesboro Road
La Vergne, TN 37086

Mayor and Board of Aldermen:

At the request of District Attorney General William Whitesell, we have completed our investigative audit of the City of LaVergne to determine the propriety of the basketball court construction project at Veterans Park (project).

The procedures performed during this investigative audit consisted of (1) interviewing city employees and officials; (2) interviewing other persons, such as vendors, as appropriate; (3) examining selected documents and records of the city; (4) examining selected documents provided by city vendors; and (5) making inquiries and performing tests to the extent we considered necessary to achieve our purpose.

We were not able to obtain conclusive evidence of any criminal wrongdoing. We were able to determine that the \$68,600 cost of the project was substantially more than necessary had there been adequate planning, supervision, and compliance with city purchasing policies.

Our examination revealed that during the course of this project, city officials deliberately ignored city purchasing policies, most significantly the requirement for competitive bidding. This failure to seek competitive bids allowed the project to proceed without preparing the required detailed specifications. As a result, officials failed to perform the most basic planning. By disregarding the bid process, city officials allowed the project to proceed without accurate cost estimates. Neither city officials nor the contractor could recall specific discussions concerning the project labor costs. In addition, this failure to adhere to policy permitted the hiring of an unlicensed contractor. The City of La Vergne Municipal Code, Section 5-501, states:

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Public advertisement and competitive bidding shall be required for the purchase of all goods and services exceeding an amount of five thousand dollars (\$5,000). . . .

In addition, The City of La Vergne Purchasing Procedures, adopted and approved February 3, 1998, requires that the plans, specifications, and estimates for any public works project exceeding \$25,000 must be prepared by a registered architect or engineer.

This project was proposed and performed during a transition of authority between the public works and recreation departments. Therefore, responsibility for the project could have overlapped. However, no one we interviewed admitted authorizing the project. Although the accounts of those interviewed often differed as each official attempted to evade responsibility, it is clear that all relevant city officials failed at every opportunity to properly supervise this project. This combination of lack of planning and the failure to solicit competitive bids resulted in the labor cost far exceeding a competitive rate. We were able to obtain quotes from licensed contractors for labor rates which were less than half of what the city paid. In addition, it appears that had the project been adequately planned, the amount of concrete and gravel necessary to complete the project would have been substantially less.

To avoid this type of costly noncompliance, city officials should not tolerate purchases made in violation of the purchasing policies. Responsibility for a purchase or project should be clearly defined, and those employees that violate the policies should be held accountable.

If you have any questions concerning this matter, please contact me.

Sincerely,

Dennis F. Dycus, CPA, CFE, Director
Division of Municipal Audit

DFD/RAD

xc: Honorable William Whitesell
District Attorney General